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# Equilibrium creates purchasing power

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## Equilibrium Creates Purchasing Power

**I**N The Chase Economic Bulletin of June 12, 1931, Benjamin M. Anderson, Jr., the economist of the Chase National Bank of the City of New York, presents an interesting discussion on the subject of economic equilibrium versus artificial purchasing power.

Dr. Anderson discredits the principle of wooing prosperity by the institution of artificial means of maintaining or increasing purchasing power by such measures as expanding bank credit, buying of bonds by commercial banks, increased lending, spending rather than saving, the Soldiers' Bonus measure, heavy borrowings by governments for the construction of public works, artificial support of markets, and artificial maintenance of prices by governmental valorization schemes.

In place of these he advocates a proper balance among the various types of production, as agriculture, raw materials, manufacturing, and transportation; proper balance between the prices of goods and the costs of production, including wages, so that profits are possible; stimulating enter-

prise to increased activity; proper relations among the different kinds of goods; proper relations among retail prices; wholesale prices, rentals, etc.; proper balance of exports and imports, taking into account the invisible items of the international balance sheet; proper proportion between the flow of goods and the flow of credits in international relations, and a proper balance in the money and capital markets.

Dr. Anderson points out that the great depression is due to an unbalanced economic situation. Production is unbalanced; prices are unbalanced; costs have not fallen as much as prices in many lines. The international balance sheet is sadly unbalanced. The money in capital markets is in a state of unbalance, etc. As to wages, he says that wage rates cannot be held inflexible when everything else has changed, without gravely retarding the process of recovery.

The equilibrium view relies upon the automatic forces of the market places to restore equilibrium when it has once been broken, instead of looking to governments and to central banks.

## News Items

Mr. Wildman delivered the principal address to the first graduating class of the School of Accounting, Commerce and Accounts, of St. John's College, Brooklyn, New York, on June 10. Mr. Wildman stressed the effect of the present Soviet Russian activities on the future economic situation in the United States, the influence of inventions on business, and the high calling of the certified public accountant.

Mr. Bell read a paper on Accounting Reports for Executive Control, at a session of the Twenty-ninth Annual Convention of the American Institute of Banking, held in Pittsburgh, on June 11.

Mr. Rossman gave a short talk at the annual meeting of the Pennsylvania Institute of Certified Public Accountants, held at Sky Top Lodge, Cresco, Pennsylvania, on June 24, 25, and 26. The subject of his talk was the method employed by our firm with respect to accumulating charges against engagements, and in maintaining a record of the time of our accountants.

We are glad to announce that Mr. Morris, who has been ill for some time in the hospital, is now at home recuperating.

Mr. T. J. Brady has just returned from the Canary Islands, where he has been for several months on an engagement.